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CENTRAL INTELLIGENCE BULLETIN



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19 March 1959

DAILY BRIEF

I. THE COMMUNIST BLOC

Watch Committee conclusion--Berlin: Although the Soviets could turn over Berlin access controls to the East Germans with little or no warning, available evidence does not indicate that they intend to do so in the immediate future.

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Communist China - Yugoslavia: Peiping has formally accused Tito of "fabrication" when he alleged that Premier Chou En-lai had asked Indonesian officials not to welcome him during his recent trip. Tito can be expected to retaliate with further attacks on Peiping in accord with his newly stated policy of answering bloc attacks "blow for blow." Nevertheless, Belgrade announced the signing of the 1959 trade agreement with the Chinese on the same day that Peiping's protest was made.

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USSR-UAR: Moscow has followed up Khrushchev's 16 March criticism of Nasir's anti-Qasim, anti-Communist moves with press and radio charges that Nasir's attacks on the Qasim regime "can be welcomed only by the imperialists." Ambassador Thompson, in commenting on Khrushchev's speech, states that the split between Moscow and Cairo "appears certain to widen." UAR propaganda organs have now begun direct accusations that the USSR wants "to subject the entire Arab area to Communism."

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Israel-Jordan: The UN Truce Supervisory Organization estimated that there were 13 or 14 Israeli tanks in Jerusalem on 17 March. This deployment, in violation of the Israeli-Jordanian armistice agreement, coincides with the withdrawal of certain Jordanian military units from West Jordan [redacted]

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Kuwait: The Kuwaiti Government is concerned that a recent influx of an unusual number of Iraqis may presage "fifth column" activity in the oil-rich sheikdom. Some 500 are reported to have entered recently and 4,000 more to be awaiting completion of passport formalities. The American Consulate believes the influx is primarily a reflection of Iraq's economic stagnation but sees an increase in subversive activity as entirely possible. [redacted]

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Watch Committee conclusion--Middle East: Situations susceptible of direct exploitation by Sino-Soviet bloc hostile action which would jeopardize US interests exist in the Middle East, particularly in Iran and Iraq. The situation in the area remains

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DAILY BRIEF

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precarious, but a deliberate initiation of large-scale hostilities is unlikely in the immediate future.

Iraq: The drift of Iraq toward Communist control is accelerating with the continuing elimination of elements in opposition to the Qasim government.

Jordan: The absence of King Husayn and Prime Minister Rifai from Jordan has provided opportunity for intensified political activity among disaffected elements, [redacted]

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ok Japan: There is increasing likelihood that Japan's ties with the US will be the primary issue in the forthcoming Japanese election campaign. The Socialists apparently are shifting from their policy of "neutrality" and moving toward a pro-Communist line. Not only have they decided to join the Communists in opposition to the US-Japan security treaty, but, in a joint communiqué with Chinese Communist leaders, a Socialist mission in Peiping identified itself generally with the Communist position on Asian questions. [redacted]

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sk West Berlin: Economic indicators reveal no general deterioration in the past week. For the first time, however, they record a definite decline in new industrial orders which may reflect an increasing apprehension over Berlin's political future. This decline, which is noted in heavy industry as well as consumer-goods orders received during January, will have no immediate effect but may show up in production and employment levels later in the year.

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I. THE COMMUNIST BLOC

Peiping Protests Tito Remarks

Peiping formally accused Tito, in a note given to the Yugoslav chargé on 18 March, of "fabrication" in stating that Premier Chou En-lai had asked Indonesians "not to welcome" the Yugoslav President. In denying that Chou made this statement, the Chinese may be trying to undermine the credibility of Tito's comments to Asian leaders. During his recent tour, Tito attempted, in an effort to build stronger ties with "neutrals," to stimulate greater apprehension of Peiping and the implacably hostile nature of its "Stalinist" brand of Communism.

Diplomatic relations between the two countries have been "frozen" at chargé level since mid-1958, but the Chinese protest does not seem to foreshadow a complete rupture. The 1959 Sino-Yugoslav trade agreement was signed the same day the protest was made. While the trade goal of \$7,000,000 in this agreement is 60 percent lower than in 1958, trade between the two countries has largely been artificial since it began in 1956. [By signing it, Peiping continues to parallel Khrushchev, who said Belgrade would be fought "every step of the way" on ideological matters without breaking off other relations, including trade. Communist China may consider renewal of the agreement a useful device to counter charges that the bloc's external trade relations are affected by ideological considerations.] [REDACTED]

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Belgrade is certain to retaliate with even more violent attacks against Peiping in accord with its newly stated policy of answering bloc attacks "blow for blow." As in its strained relations with Tirana, however, Belgrade also will be careful not to break diplomatic ties because of the damage this would cause to its international advocacy of coexistence among all states. [REDACTED]

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[REDACTED]

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[REDACTED]

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Israelis Move Tanks Into Jerusalem

UN truce officials and American consular personnel have observed Israeli tanks moving individually by night into Jerusalem during the past two weeks. The UN Truce Supervisory Organization estimated that 13 or 14 tanks had arrived as of 17 March.

Their presence in Jerusalem, in violation of the Israeli-Jordanian General Armistice Agreement, could be related to Israeli anticipation of an upheaval in Jordan.

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[REDACTED]

[REDACTED] Israel might exploit any large-scale disturbance by occupying the balance of Jerusalem and possibly even West Jordan, especially if it appeared that the disturbance was backed by the UAR. Jordanian strength near the city has been reduced by the recent withdrawal of an infantry regiment from the Jerusalem area. [REDACTED]

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Japanese Socialists Adopt Pro-Communist Line

The Japanese Socialists apparently are shifting from a policy of "neutrality" and adopting a strong pro-Communist line which they hope will increase their popular appeal in important forthcoming elections in Japan. Socialist Secretary General Inejiro Asanuma, who headed a Socialist mission to Peiping, on 17 March issued a joint communiqué with Chinese Communist leaders in which he accepted the Communist position on many Asian issues.

Among these are Peiping's denunciation of the Kishi government, the view that the "liberation" of Taiwan is an internal matter, Communist China's call for a nuclear-free zone in Asia, and the substitution of a four-power collective-security pact for the Sino-Soviet and US-Japan security treaties. Earlier Asanuma had termed the United States the "common enemy" of Japan and China for its "occupation" of Okinawa and Taiwan.

Asanuma's actions, in conjunction with the recent Socialist decision to form a united front with the Communist party, the leftist Sohyo labor federation, and other leftists in an all-out attack on the US-Japan security treaty, point to the likelihood that the upper-house elections in June will be contested on the issues of Japan's ties with the United States and with Communist China. Thus far, however, the Japanese press has been strongly critical of the Socialist moves.

Peiping's stand, accepted by Asanuma, that trade and political issues must be "settled simultaneously" is intended to emphasize that any temporary, limited trade which may be arranged is merely a "relief measure." Apparently the Chinese Communists fear that any limited agreement, such as that proposed for Japan's lacquer industry, could be construed in Japan as a concession and would therefore justify Kishi's "wait-and-see" policy. In the communiqué the Chinese Communists went even beyond their previous position, saying that at present the solution of political questions "must be given preference."

[REDACTED]

[REDACTED]

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III. THE WEST

Overt French Military and Rightist Opposition to De Gaulle
On Algeria Likely

[There are indications that some die-hard elements in the French armed forces may join rightist civilian groups in openly opposing De Gaulle's Algerian policy. Army General Massu on 1 March, in his first "political speech" in recent months, described the May 1958 revolt by French military leaders in Algeria as "an event of profound significance which still escapes many" and referred pointedly to the integration of Algeria with France as one of its objectives.]

[There have been numerous army complaints recently that efforts to win the support of the mass of the Moslem population are severely handicapped by De Gaulle's continued refusal to espouse "integration."]

[French military and rightist groups, who regard any proposed settlement of the Algerian problem short of complete victory as "abandonment," are probably being spurred toward early action by leaks of De Gaulle's previously reported intention to hold a referendum in France on the question of continuing the war. There is increasing evidence that a majority of the public wants an end to the war and would probably support a "liberal" solution if De Gaulle proposed one.]

[Extremist European settlers in Algeria, particularly veterans' organizations, have become openly hostile to De Gaulle, and are regrouping as a result of the government's clemency measures toward Algerian rebels and of the announcement that the municipal elections in April will be conducted under a new law favoring Moslem candidates. Although De Gaulle's steps to split the military-settler front of 1958 had appeared successful, the settlers are continuing their efforts to regain military support and are likely to stage a major demonstration in Algiers on 22 March when Jouhaud decorates air force reservists there.]

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Decline in West Berlin Industrial Orders Noted for First Time

Economic indicators for West Berlin reveal no general deterioration during the past week. For the first time, however, there has been a definite decline in new industrial orders. The index number for new orders for January fell to 184 compared with 218 in December and 203 in January of last year. Large declines were reported in comparison with this time last year in structural steel, transportation equipment, machinery, and electrical equipment. For the electrical industry, Berlin's largest manufacturer with 30 percent of the industrial output and labor force, new orders dropped from an index of 240 in January 1958 to 194 in January 1959.

The downturn reflects a lower volume of orders not only from West German markets but locally and for export to foreign countries. The consumer-goods industry also registered some declines in paper products, printing, leather goods, and textiles. However, new orders for chemicals, ceramics, building materials, and iron and steel products increased.

American officials in Berlin report that some of the decline may be due to economic factors in West Germany, as well as to increasing pessimism over the city's future. Because of backlogs, the effect of the declines will not be noticeable in the levels of production and employment for several months. It is estimated that a 50-percent decline in new orders would almost double Berlin's present unemployment figure of approximately 90,000.

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